



**BRUCE A. CHERNOF, M.D.**  
Acting Director and Chief Medical Officer

**JOHN R. COCHRAN, III**  
Chief Deputy Director

**WILLIAM LOOS, M.D.**  
Acting Senior Medical Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**BOARD OF SUPERVISORS**

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First District

**Yvonne Brathwaite Burke**  
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Fifth District

January 26, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 6 TO AGREEMENT NO. H-210828 WITH  
FILE KEEPERS, INC. FOR OFF-SITE MEDICAL RECORDS AND X-RAY  
FILM STORAGE AND RETRIEVAL SERVICES**

(All Districts) (3 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Acting Director of Health Services, or his designee, to sign Amendment No. 6 to County contract No. H-210828, substantially similar to Exhibit I, with File Keepers, Inc. (File Keepers) to increase the County's maximum obligation as follows:

1. For the period of September 1, 2004 through July 31, 2005, from \$354,886 to \$526,307, an increase of \$171,421, to make retroactive payments due to File Keepers for necessary medical records and x-ray film storage and retrieval services rendered at Harbor/UCLA (Harbor) and Martin Luther King, Jr./Drew (King/Drew) Medical Centers during that time period. This increase is partially offset by funds received from the Centers for Disease Control and Prevention (CDC) in the amount of \$15,238.
2. For the current contract period of August 1, 2005 through July 31, 2006, from \$402,138 to \$1,935,313, an increase of \$1,533,175, partially offset by funds received from the CDC in the amount of \$100,000 and Measure B funds of \$20,000 for storage and retrieval services at Harbor, King/Drew, and Olive View/UCLA (Olive View) Medical Centers, Bio-terrorism Preparedness Response, Health Services Administration, and Public Health; and also to add

provisions reiterating the prohibition on prospective payments and the requirement that billing be done in arrears.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

In approving the recommended actions, the Board is approving: 1) an increase of \$171,421 in the contract maximum obligation to cover retroactive payments owed to File Keepers for necessary medical records storage services rendered at Harbor and King/Drew Medical Centers during the period of September 1, 2004 through July 31, 2005; 2) an increase of \$1,533,175 in the contract maximum obligation to cover present and future expenditures for necessary storage and retrieval services during the current contract period of August 1, 2005 through July 31, 2006.

During the 2004-05 contract period, King/Drew exceeded the maximum contract obligation for these services by an amount of \$238,115, due to the critical need to address numerous citations issued and concerns expressed by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the Centers for Medicare and Medicaid Services (CMS) in the area of medical records storage. Specifically, the facility was cited for the overcrowding and inaccessibility of medical records. The facility responded by immediately having the vendor move records to an off-site storage location. Further compounding this increased expenditure, was King/Drew's need to move several years worth of medical records out of a basement storage location in order to prepare for the current construction/ renovation of the operating rooms and other related construction. This renovation project was initiated by the facility, and approved by your Board in August, to address citations by both JCAHO and CMS. The facility also had the vendor purge a significant backlog of radiological files, which JCAHO cited for having created what it deemed to be an unmanageable records filing and retrieval system. The facility's goal is to keep establish a medical records storage system that results in the maintenance of on-site medical records for no more than one-and-a-half years, which is consistent with industry standards.

Harbor exceeded the maximum contract obligation by an amount of \$19,743 due to the need to quickly move medical records out of the Long Beach Comprehensive Health Center after a water leak occurred in the basement of the facility. Also, Harbor required additional storage services to purge medical records necessary to eliminate medical record storage over-crowding in this area at the hospital, as well as at the Norwalk and Bellflower Health Centers.

For the current contract period, which goes through July 31, 2006, supplemental funding is needed for additional services at Harbor, Olive View and King/Drew to continue their efforts to clear over-crowded medical record storage areas and free up space to accommodate the storage of more current medical records. The movement and storage of these records is also required to ensure compliance JCAHO and CMS standards and requirements.

The Department's Health Services Administration - Contracts and Grants Division requires additional funding to store several years of expired contract documents.

With the exception of King/Drew which has exceeded expenditures for the current contract period, the facilities have not incurred any over-expenditures for the current contract period beginning August 1, 2005, but the facilities project that they need the additional funding through July 31, 2006.

The Department has taken a number of corrective actions to establish more effective contract management and oversight. With regard to King/Drew, the two responsible managers for contract administration and hospital information management are no longer employed by the County and have been replaced. The Department also is implementing its new contract monitoring program, which establishes clear cut responsibility and accountability and put into place stronger oversight of contract monitoring compliance protocols.

Finally, as the Department moves forward, it is working with the facilities to develop appropriate plans for managing the storage and maintenance of medical records, which includes the implementation of a systemwide electronic document scanning and storage system. Over time, this will dramatically reduce, if not eliminate, the need for costly off-site document storage and retrieval and will result in a more effective and accessible medical record storage system.

#### FISCAL IMPACT/FINANCING:

For the period beginning September 1, 2004 through July 31, 2005, the costs incurred by the various Department of Health Services (DHS or Department) facilities/sites for services rendered by File Keepers are as follows: 1) Harbor, \$98,925; 2) LAC+USC Healthcare Network (LAC+USC), \$19,352; 3) King/ Drew, \$322,980; 4) Olive View, \$380; 5) Public Health Centers, \$10,045; 6) Health Services Administration, \$59,387; and 7) Bio-terrorism Preparedness Response, \$15,238, or a total maximum of \$526,307, comprised of County funds in the amount of \$511,069 and CDC funds in the amount of \$15,238.

For the period, beginning August 1, 2005 through July 31, 2006, the costs for storage and retrieval services needed at DHS facilities/sites are estimated to be as follows: 1) Harbor, \$139,253; 2) LAC+USC, \$50,000; 3) King/Drew, \$934,500; 4) Olive View, \$581,760; 5) Public Health Centers, \$17,100; 6) Health Services Administration, \$92,700; and 7) Bio-terrorism Preparedness Response, \$120,000, or a total maximum obligation of \$1,935,313, comprised of County funds in the amount of \$1,815,313, CDC funds in the amount of \$100,000, and Measure B funds in the amount of \$20,000. King/Drew may need to return to the Board with a budget adjustment to realign funding into appropriate expenditure categories.

The necessary funding for off-site medical records and X-ray film storage and retrieval services is included in DHS' Fiscal Year 2005-06 Final Budget, and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The safe maintenance and storage of patient medical records and x-ray film are required by California Code of Regulations, Title 22, Section 51476. Off-site medical records and x-ray film storage and retrieval services include, but are not limited to, receiving, packaging, transporting, inventorying, filing, storing, retrieving, and destroying at County's request, such medical records and x-ray film.

On March 27, 1999, DHS released an Invitation for Bids (IFB) for the provision of contract services. File Keepers was the only company to submit a bid.

On September 7, 1999, the Board approved the existing agreement with File Keepers for the provision of off-site medical records and x-ray film storage and retrieval services at Harbor and Bellflower, Norwalk, and Wilmington health centers through August 31, 2004.

On October 15, 2002, the Board approved Amendment No. 1 which allowed other DHS facilities to be added that required these services. Amendments Nos. 2 through 5 added 1) the then most current Health Insurance Portability and Accountability Act (HIPAA) language, 2) extended the term through July 31, 2005, 3) added updated HIPAA language, and 4) extended the term through July 31, 2006.

The Agreement may be terminated with or without cause by the County by providing a 30-day advance written notice. The administrative staff at the various DHS sites will continue to monitor the contractor's performance to assure compliance with the terms and conditions of the Agreement. Rancho Los Amigos National Rehabilitation Center and High Desert Health Systems do not use these services.

Attachments A, B, and C provide additional information.

County Counsel has approved the Amendment (Exhibit I) as to use and form.

CONTRACTING PROCESS:

On September 7, 1999, the Board approved the current agreement with File Keepers which was selected as a result of an IFB process to provide off-site medical records and x-ray film storage and retrieval services at Harbor/UCLA and Bellflower, Norwalk, and Wilmington health centers.

The Honorable Board of Supervisors  
January 26, 2006  
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On June 21, 2005, the Board approved Amendment No. 5 to allow the Department time to complete a comprehensive statement of work needed to issue a new IFB to award a new agreement. The Department plans to issue the IFB sometime in February. The Department will advertise the IFB on the Los Angeles County Online Web Site and in local newspapers.

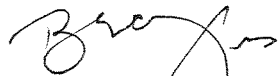
Amendment No. 6 will increase the contract maximum obligation and allow the Department to make retroactive payments owed to File Keepers. Further, a clarifying provision prohibiting prospective payments has been added.

IMPACT OF CURRENT SERVICES (OR PROJECTS):

Approval of Amendment No. 6 will ensure the continued and uninterrupted provision of off-site medical records and x-ray film storage and retrieval services, and that patient medical records and x-ray films will be safely maintained and stored in compliance with regulatory requirements.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.  
Acting Director of Health Services

BAC:daz  
BLTRCD4169.DZ

Attachments (4)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor Controller

SUMMARY OF AMENDMENT1. TYPE OF SERVICE:

Provide off-site medical records and x-ray film storage and retrieval services at various Department of Health Services' sites.

2. AGENCY ADDRESS AND CONTACT PERSON:

File Keepers, Inc.  
6277 East Slauson  
Los Angeles, CA 90040-3011  
Attention: Tom McGovern, President  
Liz Rogers, Contract Liaison  
Telephone: (323) 728-3133 Ext. 320 Fax: (323) 728-1349

3. TERM:

The term of the Amendment will be effective on August 1, 2005 through July 31, 2006.

4. FINANCIAL INFORMATION:

For the period, beginning September 1, 2004 through July 31, 2005, the costs incurred by the various Department of Health Services (DHS or Department) facilities/sites for services rendered by File Keepers are as follows: 1) Harbor, \$98,925; 2) LAC+USC Healthcare Network (LAC+USC), \$19,352; 3) King/Drew, \$322,980; 4) Olive View, \$380; 5) Public Health Centers, \$10,045; 6) Health Services Administration, \$59,387; and 7) Bio-terrorism Prepared Response, \$15,238, or a total maximum cost of \$526,307, comprised of County funds in the amount of \$511,069 and Centers for Disease Control and Prevention (CDC) funds in the amount of \$15,238. King/Drew may need to return to the Board with a budget adjustment to realign funding into appropriate expenditure categories.

For the period, beginning August 1, 2005 through July 31, 2006, the costs for storage and retrieval services provided to DHS facilities/sites are as follows: 1) Harbor, \$139,253; 2) LAC+USC, \$50,000; 3) King/Drew, \$934,500; 4) Olive View, \$581,760; 5) Public Health Centers, \$17,100; 6) Health Services Administration, \$92,700; and 7) Bio-terrorism Preparedness Response, \$120,000, or a total maximum obligation of \$1,935,313, comprised of County funds in the amount of \$1,815,313, CDC funds in the amount of \$100,000 and Measure B funds of \$20,000. The necessary funding for off-site medical records and X-ray film storage and retrieval services is included in DHS' Fiscal Year 2005-06 Final Budget, and will be requested in future fiscal years.

5. PROGRAM INFORMATION:

Off-site medical records and x-ray film storage and retrieval services include, but are not limited to, receiving, packaging, transporting, inventorying, filing, storing, retrieving, and destroying at County's request, such medical records and x-ray film.

6. APPROVALS:

Harbor/UCLA Medical Center:	Teela A. Mickoseff, Chief Executive Officer
King/Drew Medical Center:	Antionette Smith Epps, Chief Executive Officer
Olive View/UCLA Medical Center:	Melinda D. Anderson, Chief Executive Officer
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (as to form):	Robert E. Ragland, Senior Deputy County Counsel

**MEDICAL RECORDS AND X-RAY FILMS STORAGE  
AND RETRIEVAL SERVICES**

**REVISED - BUDGET EFFECTIVE 9/1/04 THROUGH 7/31/05**

<u>Facilities/Sites</u>	<u>Contract Maximum Amount</u>	<u>Costs Incurred</u>	<u>Difference</u>
Harbor/UCLA Medical Center	\$ 79,182	\$ 98,925	(\$19,743)
LAC+USC Healthcare Network	48,833	19,352	29,481
Martin Luther King, Jr./Drew Medical Center (Includes Hubert Humphrey CHC and Southwest Area HC)	84,865	322,980	( 238,115)
Olive View/UCLA Medical Center	15,000	380	14,620
Public Health Centers	14,006	10,045	3,961
Health Services Administration: Consolidated Business Office Fiscal Services Division DHS Human Resources Office of Managed Care/ Community Health Plan	63,000	59,387	3,613
Bio-terrorism Preparedness Response	<u>50,000</u>	<u>15,238</u>	<u>34,762</u>
TOTAL	<u>\$354,886</u>	<u>\$526,307</u>	<u>(\$171,421)</u>

**MEDICAL RECORDS AND X-RAY FILMS STORAGE  
AND RETRIEVAL SERVICES**

**REVISED - BUDGET EFFECTIVE 8/1/05 THROUGH 7/31/06**

<u>Facilities/Sites</u>	<u>Original Maximum Amount</u>	<u>Revised Maximum Amount</u>	<u>Increase</u>
Harbor/UCLA Medical Center	\$ 95,018	\$139,253	\$ 44,235
LAC+USC Healthcare Network	50,000	50,000	0
Martin Luther King, Jr./Drew Medical Center (Includes Hubert Humphrey CHC and Southwest Area HC)	99,820	934,500	834,680
Olive View/UCLA Medical Center	17,500	581,760	564,260
Public Health Centers	17,100	17,100	0
Health Services Administration:			
Consolidated Business Office			
Fiscal Services Division			
Contracts and Grants Division			
Controller's Division			
Office of Ambulatory Care	72,700	92,700	20,000
Bio-terrorism Preparedness Response	<u>50,000</u>	<u>120,000</u>	<u>70,000</u>
TOTAL	<u>\$402,138</u>	<u>\$1,935,313</u>	<u>\$1,533,175</u>



EXHIBIT I

Contract No. H-210828

MEDICAL RECORDS AND X-RAY FILMS STORAGE  
AND RETRIEVAL SERVICES AGREEMENT

AMENDMENT NO. 6

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006,

by and between

COUNTY OF LOS ANGELES (here-  
after "County"),

and

FILE KEEPERS, LLC. (hereafter  
"Contractor").

WHEREAS, reference is made to that certain document entitled  
"MEDICAL RECORDS AND X-RAY FILMS STORAGE AND RETRIEVAL SERVICES  
AGREEMENT", dated September 7, 1999, further identified as County  
Agreement No. H-210828 and Amendment Nos. 1, 2, 3, 4, and 5  
thereto (all hereafter "Agreement"); and

WHEREAS, it is the desire of the parties hereto to amend  
Agreement to augment County's maximum obligation for the prior  
contract period which was effective September 1, 2004 and ended  
July 31, 2005, and the current contract period, effective August 1,  
2005 through July 31, 2006, to cover expenditures incurred in  
excess of the maximum obligation during both periods; and

WHEREAS, the Agreement provides that changes to its  
provisions may be made in the form of a written amendment which  
is formally approved and executed by both parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective upon Board of Supervisors approval and continue through July 31, 2006.

2. That Exhibit G-4, "Additional Department of Health Services Facilities and Custodians of Records" and Exhibit H-4, "Additional Billing Locations", shall be added to this Agreement, as attached hereto and incorporated herein by reference.

3. That Paragraph 6.0, INVOICES AND PAYMENTS, be revised and amended to add Subparagraph 6.5, No COUNTY Payment for Prospective Services, as follows:

"6.5 No COUNTY Payment for Prospective Services  
Consistent with provisions 6.1 through 6.4 above, there shall be no County payment for prospective services including, but not limited to, all monthly storage charges."

4. That Paragraph 53.0, MAXIMUM OBLIGATION OF COUNTY, be revised and amended as follows:

"53.0 MAXIMUM OBLIGATION OF COUNTY: During the period beginning September 1, 2004 through July 31, 2005, the maximum obligation of County for all services provided under this Agreement shall not exceed Five Hundred Twenty-Six Thousand, Three Hundred Seven Dollars (\$526,307). Such maximum obligation is comprised of: 1) County funds in the amount of Five Hundred Eleven Thousand, Sixty-Nine Dollars

(\$511,069) and 2) Center for Disease Control and Prevention funds in the amount of Fifteen Thousand, Two Hundred Thirty-Eight Dollars (\$15,238). This sum represents the total maximum obligation of County as shown in Schedule 2-A, attached hereto and incorporated herein by reference.

During the period beginning August 1, 2005 through July 31, 2006, the maximum obligation of County for all services provided under this Agreement shall not exceed One Million, Nine Hundred Thirty-Five Thousand, Three Hundred Thirteen Dollars (\$1,935,313). Such maximum obligation is comprised of: 1) County funds in the amount of One Million, Eight Hundred Fifteen Thousand, Three Hundred Thirteen Dollars (\$1,815,313), 2) Center for Disease Control and Prevention funds in the amount of One Hundred Thousand Dollars (\$100,000), and Measure B funds in the amount of Twenty Thousand Dollars (\$20,000). This sum represents the total maximum obligation of County as shown in Schedule 3-A, attached hereto and incorporated herein by reference."

5. To the extent not inconsistent with this Amendment and except as set forth and/or in accordance with the terms herein, the parties hereby agree and confirm the terms and conditions as set forth in the Agreement.

6. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Bruce A. Chernof, M.D.  
Acting Director and Chief  
Medical Officer

FILE KEEPERS, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
RAYMOND G. FORTNER, JR.  
County Counsel

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contracts and Grants Division

AMENDCD4168.DZ  
01/24/06

## SCHEDULE 2-A

### MEDICAL RECORDS AND X-RAY FILMS STORAGE AND RETRIEVAL SERVICES

REVISED - BUDGET EFFECTIVE 9/1/04 THROUGH 7/31/05

<u>Facilities/Sites</u>	<u>Contract Maximum Amount</u>	<u>Costs Incurred</u>	<u>Difference</u>
Harbor/UCLA Medical Center	\$ 79,182	\$ 98,925	(\$ 19,743)
LAC+USC Healthcare Network	48,833	19,352	\$ 29,481
Martin Luther King/Drew Medical Center (Includes H.H.Humphrey CHC and Southwest Area HC)	84,865	322,980	(\$238,115)
Olive View/UCLA Medical Center	15,000	380	\$ 14,620
Public Health Centers	14,006	10,045	\$ 3,961
Health Services Administration:			
- Consolidated Business Office			
- Fiscal Services Division			
- DHS Human Resources			
- Office of Managed Care/Community Health Plan			
- Controller's Division	63,000	59,387	\$ 3,613
Bio-terrorism Preparedness Response	<u>50,000</u>	<u>15,238</u>	<u>\$ 34,762</u>
TOTAL	<u>\$354,886</u>	<u>\$526,307</u>	<u>(\$171,421)</u>

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01/24/06

# SCHEDULE 3-A

## MEDICAL RECORDS AND X-RAY FILMS STORAGE AND RETRIEVAL SERVICES

REVISED - BUDGET EFFECTIVE 8/1/05 THROUGH 7/31/06

<u>Facilities/Sites</u>	<u>Original Maximum Amount</u>	<u>Revised Maximum Amount</u>	<u>Increase</u>
Harbor/UCLA Medical Center	\$ 95,018	\$139,253	\$ 44,235
LAC+USC Healthcare Network	50,000	50,000	\$ 0
Martin Luther King/Drew Medical Center (Includes H.H.Humphrey CHC and Southwest Area HC)	99,820	934,500	\$ 834,680
Olive View/UCLA Medical Center	17,500	581,760	\$ 564,260
Public Health Centers	17,100	17,100	\$ 0
Health Services Administration:			
- Consolidated Business Office			
- Fiscal Services Division			
- Office of Ambulatory Care			
- Controller's Division			
- Contracts and Grants Division	72,700	92,700	\$ 20,000
Bio-terrorism Preparedness Response	<u>50,000</u>	<u>120,000</u>	<u>\$ 70,000</u>
TOTAL	<u>\$402,138</u>	<u>\$1,935,313</u>	<u>\$1,533,175</u>

AMENDCD4168.DZ  
01/24/06

ADDITIONAL DEPARTMENT OF HEALTH SERVICES  
FACILITIES & CUSTODIANS OF RECORDS

OFFICE OF MANAGED CARE

1000 South Fremont Avenue  
Building A-9 East, 2<sup>nd</sup> Floor, Unit 4  
Alhambra, CA 91803-8859  
Attention: Jackie Motobo  
Telephone: (626) 299-5343  
Fax: (626) 281-5396

OFFICE OF AMBULATORY CARE

313 North Figueroa Street  
Los Angeles, CA 90012, Room 704  
Attention: Anne Robinson  
Telephone: (213) 240-8120  
Fax: (213) 202-5989

CONTRACTS AND GRANTS DIVISION

313 North Figueroa Street  
Los Angeles, CA 90012, Sixth Floor - East  
Attention: Cara O'Neill, Chief  
Telephone: (213) 240-7723  
Fax: (213) 250-2958

AMENDCD4168.DZ  
01/24/06



ADDITIONAL BILLING LOCATIONS

OFFICE OF MANAGED CARE

1000 South Fremont Avenue  
Building A-9 East, 2<sup>nd</sup> Floor, Unit 4  
Alhambra, CA 91803-8859  
Attention: Jackie Motobo  
Telephone: (626) 299-5343  
Fax: (626) 281-5396

OFFICE OF AMBULATORY CARE

313 North Figueroa Street  
Los Angeles, CA 90012, Room 704  
Attention: Anne Robinson  
Telephone: (213) 240-8120  
Fax: (213) 202-5989

CONTRACTS AND GRANTS DIVISION

313 North Figueroa Street  
Los Angeles, CA 90012, Sixth Floor - East  
Attention: Cara O'Neill, Chief  
Telephone: (213) 240-7723  
Fax: (213) 250-2958

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01/24/06